

(Unofficial translation)



LAO PEOPLE'S DEMOCRATIC REPUBLIC  
PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY

Ministry of Industry and Commerce

No. 2071/MOIC.DIMEX

Vientiane Capital, Dated 14 November 2016

**Instruction**

To: Provincials and Vientiane Capital Director of Industry and Commerce.

Subject: Instructions on the auction of the government's seized timbers nationwide.

- Pursuant to the Notification of the Prime Minister's Office No. 1345/GO.DS, dated 09 September 2016;
- Pursuant to the Purchase-Sale Regulation of Timbers No 1726/MOIC.DIMEX, dated 23 August 2012.

In order to guarantee unity and serve as reference for the auction of the government's seized timbers nationwide, Minister of Industry and Commerce hereby would like to inform you to implement as follows:

1. Provincial and Vientiane Capital Director of Industry and Commerce shall cooperate with related sectors and seized timbers auction committee to evaluate condition and quality of timbers.
2. The auction of the government's seized timber shall be advertised widely nationwide through medias such as television, radio, online media or newspaper.
3. Requirements for bidders and auction's procedures shall be implemented according to the Purchase-Sale Regulations of Timbers No. 1726/MOIC.DIMEX, dated 23 August 2012.
4. Price used in the auction consists of 3 methods for provincial and Vientiane Capital office to follow:
  - Method 1: The base price for bidding is based on the notification on timber price 2014/2015-2015/2016 that Ministry of Industry and Commerce issued in a regulation No.1813/IC.DIMEX, dated 04 September 2015. In case it is inapplicable, proceed on Method 2.
  - Method 2: Use value arising from real quality to multiple with bidding price 2014/2015-2015/2016. Agricultural and forestry sector shall coordinate with provincial and central seized timbers auction committee to evaluate the value of real quality. For example: rubber wood costs 972,000 kip/m<sup>3</sup> but through actual evaluation the quality remains only 70%. Therefore, the bidding price is  $972,000 \text{ kip} \times 70\% = 680,400 \text{ kip/m}^3$ . In case method 2 is inapplicable, proceed on method 3.

- Method 3: Sell at the highest price that bidders proposed at the auction.
5. As for tax the bidders who win the auction shall pay to the government, which includes:
    - 5.1 Value Added Tax (VAT) from the purchase-sale of timber by calculating total value of timbers.
    - 5.2 Transport tax: is value added tax (VAT) 10 %, calculating from transporting service fee and it is only collected when a bidder uses transport service from a transport company, including bidders who use vehicle under their own license to move the timbers. Before moving the timbers to factory, the bidders shall pay transport tax to finance sector in order to declare tax payment to forestry officers to permit the movement of the timbers to the factory. Except for bidders who use vehicles registered as processing timbers for transport and movement company/factory shall be exempted for this tax.
  6. The seized timbers that will be allowed for auction shall first be registered as state property with provincial finance sector (state property management) with certified signatures jointly from agricultural and forestry sector, finance sector, and industry and commerce sector to guarantee unity of the list and size of the timbers that will be opened for the auction.
  7. Costs arising from the seize, maintaining, the auction procedures and others are allowed to be deducted from the auction according to the Prime Minister's order No. 57/PM (Point 1.3 D. Revenue from seized timber auction shall be deducted for expenses 10%, the remaining amount shall be handed to the central revenue for 50%, and for provincial and Vientiane capital's revenue for 50%, as for the whole fine shall be transferred into the provincial and capital's account).
  8. In case any difficulty is found, the authority shall report to the governor, and Minister of Industry and Commerce to resolve the problem on timely manner.
  9. Each time when completing the sale of timber, the auction committee shall report the result to the ministry's management for acknowledgement.

Therefore, this order is to notify you for acknowledgement and implement accordingly.

Minister,  
[Seal and Signature]  
*Mrs. Khemmani Pholsena*

**Attached to:**

- Vice Ministers
- Ministers, Head of Prime Minister's Office
- Minister of Agricultural and Forestry
- Provincial Governors, Vientiane Capital Mayor
- Head of Task Force Committee 40/PM
- Relevant Departments